

## OHIO LEGISLATURE.

## SENATE.

MONDAY, Dec. 7, 1840.

The Senate met at 10 o'clock and was called to order by the Hon. John E. Hunt, Senator from Wood, Lucas, &c.

The members elected last year appeared and took their seats. Those elected this year, presented their credentials, and after being sworn by Judge Wood of the Supreme Court, took their seats.

The Senate then proceeded to elect a Speaker pro tempore, Mr. Holmes and Mr. Nash acting as tellers, when it appeared that 35 votes were given, of which it appeared that the

Hon. William McLaughlin received 34

Blank. Mr. McLaughlin was conducted to the chair by Messrs. Thomas and Faran, and addressed the Senate as follows:

GENTLEMEN OF THE SENATE:

I return to you my most hearty thanks for your appointment of me as presiding officer of the Senate of Ohio. To receive a vote almost unanimous was more than I could have expected, after a political canvass like that through which we have just passed, and adds greatly to the feelings of gratification I now experience. I promise to you, gentlemen, so far as the chair is concerned, even handed and equal justice, and in discharging the duties of the chair, I shall endeavor to comport myself so as to secure the approbation of the Senate.

I implore your aid, your assistance in enabling me to perform the duties of the chair, and assure you that every exertion will be made on my part to perform them faithfully and properly. In conclusion, gentlemen, let me beg you to accept my most profound acknowledgments for the honor you have conferred upon me.

The Speaker then called the Senate to order, and it proceeded to elect a Clerk pro tempore. Messrs. Thomas and Bissel acting as tellers—when it appeared that C. J. McNulty received 26 votes; scattering and blanks 8. The Speaker then declared Mr. McNulty duly elected, and he was accordingly sworn in by Judge Wood.

The Senate then balloted for a Sergeant-at-Arms and Doorkeeper, Messrs. Hunt and Gooding acting as tellers. Thirty-four votes were given of which Samuel Burwell received 31 Scattering and blanks, 3 Mr. Burwell was accordingly declared elected and was sworn in.

Mr. SPANGLER offered the following resolution which was adopted:

Resolved, That the Standing rules of the last session be adopted by the Senate until others are adopted.

Mr. TAYLOR offered the following resolution which, on his own motion, was laid on the table:

Resolved, That Peter Cool be appointed Messenger boy for the Senate the present session.

Mr. GREEN offered a resolution. That a message be sent to the House of Representatives informing that body that the Senate have organized by the election of William McLaughlin, Esq., Speaker pro tempore, C. J. McNulty, Clerk pro tempore, and Samuel Burwell, Sergeant-at-Arms pro tempore. The resolution was adopted.

Mr. PERKINS offered the following resolution which was adopted:

Resolved, That the Sergeant-at-Arms be directed to call on the Secretary of State, and procure for the use of the Senate, one copy of the laws of a general nature, one copy of the Journals of last session for each, and three copies of Chase's Statutes of Ohio.

The Speaker announced the following gentlemen as members of the Committee on Elections: Messrs. Spangler, Vance, and Hunt.

Mr. TAYLOR moved that the certificates of the members elect be taken up and referred to the committee on elections. Carried.

Mr. THOMPSON offered the following resolution:

Resolved, That a committee of three members be appointed, to examine the journals of the last session and report on the unfinished business. Agreed to.

The Speaker announced Messrs. Thompson, Lord and Uiter as the committee.

Mr. SPANGLER moved that the resolution appointing Peter Cool a messenger, be taken up. Agreed to.

Mr. SPANGLER made a few remarks with a view to ascertain whether the Senate would have a messenger or not.

Mr. LEONARD moved to strike out Peter Cool and insert John M. Kinney.

Mr. SPANGLER called for a division of the question.

Mr. LEONARD made a few remarks, recommending John M. Kinney.

Mr. GREEN moved to postpone the resolution indefinitely.

After some remarks from Messrs. LEONARD, GREEN and SPANGLER, the Speaker put the question on the postponement, and declared the noes had it; whereupon a division was called for.

Mr. THOMAS made a few remarks, and the question was put and decided in the negative.

Mr. THOMAS moved to strike out all after the word resolved, but afterwards withdrew the motion.

Mr. SCOTT moved to lay the motion on the table. Lost: 17 in the affirmative, and 17 in the negative.

Mr. SCOTT moved the indefinite postponement of the resolution and amendment, and the Yeas and Nays being called for. Yeas 24, Nays 12. The resolution was therefore indefinitely postponed.

Mr. THOMAS offered the following resolution:

Resolved, That the Sergeant-at-Arms be directed to appoint a messenger for the Senate.

## GOVERNOR'S MESSAGE.

Gentlemen of the Senate, and of the House of Representatives:

Since our last meeting we have had reason to be grateful for the many blessings which we have received from a kind and benevolent Providence. The general health of the State has been good; the crops have been unusually abundant, and the great body of our fellow citizens have been, and still continue, prosperous and happy.

The cause of education and intellectual improvement has continued to advance under our liberal and enlightened system of instruction. At no period heretofore have our colleges, academies and common schools been in a more flourishing and prosperous condition than they are at the present time. The deep solicitude felt by parents generally to see their children receive a good education, and the noble ambition that characterizes so many of our youth to attain the desirable object, cannot fail to excite in the bosom of every patriot and friend to our democratic institutions, well grounded hope that they will long continue to shed their blessings and benefits on a great and intelligent people.

It is a fact that cannot be too often repeated or too deeply impressed on the minds of the present and rising generation, that our free institutions can only be preserved and perpetuated by a virtuous, intelligent and uncorrupted people. The history of all our free governments admonishes us of the danger to which public liberty is most exposed. We are differently and more favorably situated, it is true, than any of the republics of ancient or modern times. Our population is scattered over a wide surface; engaged on their farms and in their work shops; pursuing well calculated to promote and encourage the growth of that virtue and love of liberty, the want of which has been so fatal to free government in other countries and other times. It is on the great producing classes, which constitute and ever may constitute a large majority of our population, that we must mainly rely for the preservation of our free institutions. They are honest, patriotic and intelligent, and will so continue unless the means of education is neglected, and the onward march of intellectual improvement, which so pre-eminently characterizes the age in which we live, should receive some great and unexpected check. Notwithstanding, however, our circumstances and population are so auspicious to the growth and perpetuation of public liberty and free government, we should not be unmindful of the means by which they are to be preserved and best secured. It is the duty of every citizen of the state to promote the cause of virtue and encourage the diffusion of intelligence. But it is peculiarly the province of those who have been selected by the people to discharge the important and highly responsible trust of legislating for the country, to guard against the growth of vice, ignorance and corruption, by encouraging by all proper means, the education of the rising generation, and thereby enable them to enter upon the important duty, which, in the rapid course of time, will soon devolve upon them, of preserving our free institutions in their original simplicity and purity, and handing them down, unimpaired to posterity.

The subject of the currency and improvement of our banking system will doubtless occupy a portion of your time, and receive your careful consideration. To inquire into the various causes that have operated to derange the currency of the country, and to find out the evils and defects of the present banking system, and to trace its bearings and influence on the different interests of society, with the view of remedying existing evils, and prevent their recurrence hereafter, would seem to me to be a cardinal and primary duty of legislation.

Our banks are but a part of a great whole composed of the various banking institutions of the state, all founded upon, and governed by the same principles; similar in some degree, in their organic structure, and bound together and controlled by the same general laws of trade and exchange. In seeking, therefore, to remedy the evils of the system in our own State, and to place our currency on a more solid and substantial footing, we may gain much useful information to direct us in the path of duty, by looking at, and understanding the evils of the whole, or any of its various parts. The same consequences which we see resulting from the banking system elsewhere, we may expect to experience here under like circumstances. That there are great evils belonging to, and inherent in, the present banking system of the United States, cannot be successfully controverted. That it has occasionally been instrumental in doing some good, may be admitted. The evils which have been inflicted on the community through the instrumentality of banks of circulation have become so great and alarming, that the question will soon be between reformation and destruction. If they cannot be reformed so as to protect the community from the losses occasioned by their insolvency and mismanagement, the depreciation of their paper, the exorbitant exactions of interest under the disguise of exchange, and the evils consequent upon their sudden expansions and contractions, the public, for their own protection, will be forced to dispense with the existence of banks of circulation altogether. However difficult it may be to reform these institutions so as to prevent the evils of which we complain, and however doubtful the result of the undertaking may be, I do

not think we should despair accomplishing, to a considerable extent, a result so desirable. The object and end to be obtained is at least worthy the effort of the patriot and statesman, who desires to see the industry of the country protected from the plunder and fraud of incorporated wealth.

If the effort to reform our banks should prove unsuccessful, the remedy will be found in the substitution of banks of discount and deposit for those of circulation.

The banking system, as it exists in this country, and in England, has a direct tendency to lead to the opulence of the few, and the pauperism of the many. Such has been its undoubted effects in England, and such has been, and will continue to be, its effects in this country, so long as mere credit, and not capital, is permitted to tax labor. Its influence in this particular, is worthy of investigation.

There are upwards of nine hundred and fifty banks in the United States, having an aggregate capital of about three hundred and twenty-four millions. The whole amount of specie upon which this immense banking capital rests for its basis, does not exceed forty, or at most, fifty millions, leaving between two hundred and seventy-four, and eighty-four millions of bank capital to consist of nothing but credit; or, in other words, the stock notes or bonds of the stockholders, and bank notes. It is obvious, that a paper system resting mainly on credit or paper, instead of gold and silver—the only basis on which banking can be safely conducted—can neither be safe to the public, or regular or uniform in its action. Such a paper system will ever be disturbed by the slightest reverses in the trade and business operations of the country, and unable to withstand the shocks to which the trade and business of every commercial community must occasionally be subjected. But the capacity and inherent tendency, to double the currency at one time, and diminish it one half at another, and thus increase or diminish the nominal value of every man's property and labor one half—is utterly ruinous to every great interest in the country. Whether this irregularity is brought about by those who control the banks, with the view of speculation, or is the necessary and unavoidable operation of the system itself, makes no difference, so far as the effects and consequences to the public are concerned.

Every expansion by the banks, beyond the real wants of the country, must be followed by a corresponding contraction. When they discount freely, and flood the country with their paper, they give to the times a deceptive appearance of prosperity. The merchant is induced to extend his business, contract unnecessary debts, and engage in doubtful speculations.—The same remark is applicable, in some degree, to the whole community. We are liable to be deceived by the appearance of good times. We contract debts more freely, live more extravagantly, and are less disposed to labor. The contraction of the currency, which must of necessity follow, and which we are unable to foresee, finds us involved in debts, which under a limited circulation, we are unable to pay, and an extended business which we cannot sustain. The consequences are peculiarly severe and unjust, on all the debtor portion of the community. The farmer who contracts to pay a debt of a thousand dollars, when the currency amounts to eight millions, and wheat one dollar a bushel, finds, when the circulation is reduced to four millions, and consequently wheat to fifty cents a bushel, it takes double the produce, and consequently double the labor, to pay the debt, that it would have done if the currency had remained the same. The same principle applies to the whole debtors of the community. It is true, what one man loses, another may gain, but the loss and gain are unjust. Thus, by creating an uncertain and fluctuating measure of value, contracts between man and man are impaired, and virtually changed.

The prejudicial effects of this inflated paper system, on our manufacturing and exporting interests are still more palpable. Double the amount of the circulating medium of this country, and you double, or at least greatly enhance the nominal price of foreign merchandize. The price of every thing that is sold to be consumed here, goes up with the inflation of the currency, while the price of our cotton, and other staples, for export, will be regulated by the price they bear in the foreign market, to which they have to be transported for sale. Our exports, then, derive no advantages from an increase of the currency, beyond the real wants of the country, while foreign merchandize is imported and sold, at our inflated paper prices, and the coin or its equivalent, taken out of the country in exchange. The direct tendency, therefore of this system, is to hold out a bounty to the foreign manufacturer, to bring his wares into the country for sale; thus operating so as to promote the interest of the foreign manufacturer at the expense of our own.

In looking at our exports and imports for the last ten years, we will find that the imports have increased or diminished in proportion to the expansion and contraction of the banks. In 1836, the paper circulation reached its highest point, and our imports exceeded our exports that year six millions. In 1837, our imports exceeded our exports near twenty-four millions; making the aggregate balance of trade against us in these two years of excessive paper circulation, of near eighty-four millions—equal to the entire amount of specie in the United States.

In 1836, so great was the inflation of the currency, and the consequent rise

in the price of every thing, that breadstuffs were imported from Europe, and sold at our artificial paper prices, and the coin or its equivalent taken out in exchange. Thus, with a country possessing more capabilities for the production of breadstuffs than any other on the face of the globe, and with an industrious and enterprising population, we have been made tributary to Europe for the necessities of life, by means of this artificial, anti-American system. Such will ever be its effect, producing, alternately, delusive prosperity, and real adversity, until a radical change is made in the system itself, and our currency is placed on a substantial and stable basis.

It is in vain to talk about a tariff law for the protection of our domestic manufactures, and to prevent the excessive importation of foreign goods, while we have a paper currency for the measure of value, which can be increased at the will of those who control it, to an almost indefinite extent. The best protection that can be furnished to the domestic manufactures of this country, and the only one they can rightfully claim, except that which is incidentally furnished by a tariff for revenue, is a sound and stable currency, composed of gold and silver, and that which is equivalent thereto. Such a protection would not only be more effective than any tariff law short of prohibition, but at the same time be legitimate and proper, oppressive to none—beneficial to all.

The evils above alluded to are not the only ones entailed on the country by our paper system. There never has been, in any age of the world, a system devised by the ingenuity of man so well calculated to rob labor of its hard earnings, as this. And it is the more dangerous to the interest of the laboring part of the community because its operations cannot readily be seen. The people of the United States pay to the banks, annually, a tax, in the shape of interest and other profits, not less than thirty millions. So far as this is paid for the use of their paper, representing real capital, that is, gold and silver, it is legitimate and proper. But the whole amount of specie owned by the banks does not exceed, at most, fifty millions; the interest on which would be three millions, leaving twenty-seven millions which are annually paid to the banks, by the people, for the use of their credit, or promissory notes, bearing no interest. This is a heavy tax on the people, and is paid entirely to credit, not to capital, either directly or indirectly, by the labor of the country. Whatever is paid for the support of Government, State or General, or to the banks, who create no wealth, is a tax in some shape, on labor. This extraordinary capacity which has been given to mere credit to tax labor, will solve the whole mystery why it is, that those who create the entire wealth of the country, after a life of toil, are comparatively speaking, poor, while bankers, who have been permitted to use their credit to tax the industry and labor of the country, have grown rich in a few years. As you diminish, therefore, the paper system, you lighten the tax on labor; as you increase it you add to the burthen labor has to bear. A system of paper credit, which is such a heavy tax on the productive industry of the country, should yield some great corresponding advantages to the laboring portion of the community.

In May, 1837, when the banks suspended specie payments, their circulation was estimated at about one hundred and fifty millions.—Their paper being no convertible into gold and silver, at once depreciated on an average of ten per cent.

making a dead loss to the people of the United States of fifteen millions. In 1838-9, three hundred and forty-three banks again suspended, having a circulation estimated at about seventy millions. Again their circulation depreciated on an average of at least ten per cent; making seven millions of a loss thrown on the community. Thus, in a little more than two years we have had two suspensions of specie payments by the banks, inflicting on the people of the country an aggregate loss of twenty-two millions by reason of the depreciation of their paper circulation. This loss falls not on the banks, except in a slight degree, whose inaction or improper acts produced it, but on the note holders. So far from the banks sustaining any considerable loss by the depreciation of their paper, it is believed that some of them availed themselves of the opportunity, through their brokers, of buying up their depreciated paper, at a discount.

Adopting an estimate made by a committee of the House of Representatives of the United States in 1838, (who had every means of obtaining correct information,) the loss to the General Government, alone, by the banks, at that time, was thirty-five millions. If we add to all this the loss which the public have sustained by other suspensions not alluded to above, and the almost incalculable loss sustained by banks breaking, and, from various causes, becoming insolvent; and that occasioned by the total destruction of their notes by the various casualties to which a paper currency is ever subjected, we will have an amount of actual loss sustained by the community through these institutions, which will startle the most devoted advocate of the present paper system.

The insolvency of banks has recently become a common occurrence. Scarcely a week passes but we see it announced that some banking institution has failed to a large amount. Who can estimate the extent of individual misery and suffering, the insolvency, want and starvation produced by the causes to which I have above alluded? We are daily in the habit (and it is one of the high and

responsible duties of those intrusted with the law making power,) of legislating for the protection of the property of the individual citizens, from the depredations of those who are engaged in criminal violations of the right of property. Yet, if all the losses sustained by individuals, by the commission of the various crimes against private property were added together, the aggregate would fall far short of the losses sustained by the community, in various shapes, through the banking institutions of the country. What difference does it make to the individual citizen, whether he has lost an hundred dollars by the hands of the midnight thief, or by the insolvency of a bank, or the depreciation of its paper? It is true, there may be a great difference in the moral turpitude of the two cases, but the consequence to the individual citizen is the same in both.—In each case he has been deprived of the same amount of property without consideration. Are we not as much bound to guard and protect, by our legislation, the property of the individual citizen from being taken from him without consideration through the agency of banks, as we are to protect his property from the depredations and acts of the desperate and lawless criminal? The answer would seem to me to be obvious. This is a subject in which we are all deeply interested. What is one man's case to-day, may be another's tomorrow. It is intimately identified with the interest and prosperity of the whole community.

It is remarkable, that an attempt to protect the public against the losses to which I have alluded, and to correct the abuses of the banking system; should meet with any formidable opposition from any quarter. The bankers themselves, who are desirous to conduct their business on fair principles, greatly mistake, in my judgment, their true and ultimate interest, by clinging to a system and resisting every effort to reform it, which has entailed on the country such a vast amount of unmitigated evil. A paper system which has been the occasion of such a large and heavy loss to the government, and which has been the means, in various shapes and forms, of taking millions from the honest labor and industry of the country, must be radically defective, hostile to the interests of the people, and cannot long be tolerated in its present shape by an intelligent and honest community, free to choose their own measures for their own prosperity and happiness. It is believed that the evils and various frauds committed through the instrumentality of banks, as now organized, greatly outweigh all the advantages that the public have ever derived from them. But be this as it may, it is the duty of those who have been intrusted with the high and responsible trust of legislating for the good of the whole people, to attempt a reform of the evils and abuses of this system, and to remove, as far as practicable, both the means and the temptation on the part of the banks, to injure the community they were intended to benefit.

I am not opposed, as I have heretofore stated, to a part of the currency being composed of paper, provided it can be made safe, but only to the excess and improper use of paper. It should not become (as it has in a great degree,) the exclusive currency of the country, and the measure of value, instead of gold and silver, the standard of value agreed on by the civilized world. It should never be resorted to barely for the purpose of increasing the circulation; and when issued, should be equal to the standard measure of value, and at all times convertible at the will of the holder, into gold and silver. Its advantages are not in furnishing an every day currency to the people, but in facilitating exchanges, aiding commerce, trade, and the heavy business operations of the country. Under these restrictions, and for these purposes and objects, bank paper may be highly useful and advantageous to an extensive, growing, and commercial community, such as we have in the United States. The present system, however, so far from aiding the commerce, trade, exchanges, and heavy business operations of the country, has a contrary tendency; and it should seem to have in view, as its main object, to furnish the entire circulating medium of the country, and constitute a new and unsteady measure of value, fluctuating with every expansion and contraction, and subjecting the price of every man's property and labor to the will or caprice of a few irresponsible individuals, who look alone to their own, and not to the interest of the public.

How are the evils complained of to be remedied? Not, surely, by the creation of more banks and the multiplication of bank paper. If I am correct in the view which I have taken of this subject, the difficulties under which the country now labors have been mainly brought about by an inflated and unsteady paper currency. These difficulties would only be enhanced, ultimately, by creating more paper money. The country is undoubtedly laboring under some pecuniary embarrassment; but the idea of paying our debts by the creation of more paper is a fallacy. We cannot pay debt by the creation of more debt. Every additional bank note issued, is but the creation of a new debt which the bank owes to the holder. It is not wealth—it is not capital—and it is idle to think of lessening the debts of a country in this way. We may shift or change our responsibilities, but they will exist in some shape or other, until paid by the creative energies of the hand of labor. The banking capital of the state is now near twelve millions, which is simply sufficient, in the opinion of prudent bankers and business men, to furnish all the means necessary to carry off the surplus produce of the State.

The creation of a United States Bank, with a capital of fifty or a hundred millions, is advocated by some as the most effectual means of restoring stability, uniformity and safety to our currency. Throwing out of view the constitutional objections to such an institution, and viewing it merely as a question of expediency, I am forced to believe that such an institution would but add to the insecurity and evils of our paper system; and, in its political tendency, endanger public liberty. What additional security would belong to an institution deriving its corporate powers and privileges from the General Government? It is not proposed by any one to make the General Government, in any event, liable for the debts of the bank, further than as a common stockholder. Is it a matter, then, of any consequence to an institution, whether it derive its corporate powers and privileges from a State or the General Government? So far as its real and

## UNITED STATES SENATORS.

Hon. Willie P. Mangum, the Senator from Orange, and Hon. William A. Graham, Speaker of the House of Commons, were yesterday elected Senators to Congress of the United States—the former six years from the 4th of March next, and to fill the unexpired term of Mr. Brown; the latter to fill the unexpired portion of the term of Mr. Strange, which is two years.

The following is the state of the votes:

Mangum	99
Graham	98
Brown	65
Strange	64

(North Carolina Gazette.)